

DRAFT (MARCH 22, 2006) WITHDRAWAL AGREEMENT

For the Town of Harpswell

To withdraw from Maine School Administrative District No. 75

AGREEMENT made by and between the Town of Harpswell ("Town" or "Harpswell") and Maine School Administrative District No. 75 ("District") according to 20-A M.R.S.A. 1405 for the withdrawal of the Town of Harpswell from Maine School Administrative District No. 75.

Harpswell voted January 28, 2006, to initiate withdrawal from the District according to law and reported its vote to the Commissioner and Superintendent on February 2, 2006, according to law. On February 9, 2006, the board of school directors of the District appointed its representative to the withdrawal committee and on March 2, 2006, the Harpswell selectmen appointed the three other members required by law. The parties intend by this agreement to maintain the operation of the schools presently attended by Harpswell students and the programs and services operated by those schools the same after the withdrawal as before and to change only the financial relationship of the District and Harpswell following the withdrawal accompanied by necessary changes to the governance of the District. The withdrawal committee and board of school directors having negotiated in good faith, and having addressed all the required elements for a single town withdrawal agreement under the law and under the requirements of the Maine Department of Education as set forth in Appendix A to this agreement, and intending to be bound, the parties now hereby agree as follows:

1. Withdrawal and effective date.

Harpswell will withdraw from the District effective June 30, 2007 ("Effective Date").

2 Harpswell municipal school unit.

The Town of Harpswell will organize a municipal school unit as described in 20-A M.R.S.A. Ch. 111 but will not own or operate any school. The Town will continue to send its elementary students to the two elementary schools in the Town of Harpswell providing elementary instruction for grades K-5 on a tuition basis. The Town will continue to send its middle school students, grades 6, 7 and 8, to the Mt. Ararat Middle School on a tuition basis. The Town will continue to send its high school students to Mt. Ararat High School on a tuition basis. The District board of school directors shall vote to accept up to 100% of Harpswell students in grades K-12 on a tuition basis beginning July 1, 2008, according to 20-A M.R.S.A. § 5801, subject to the two-year notice requirement of to 20-A M.R.S.A. § 5803 for discontinuing acceptance of tuition students.

The board of school directors shall assure among other things the continuation of all educational programs and services, and all sports and other co-curricular programs and services, consistent with District policies for equal treatment of all students, and no less than as now being provided to Harpswell students attending District schools. The Town hereby contracts for the services of the superintendent with the District, to perform the duties required by law on behalf of Harpswell, as permitted by 20-A M.R.S.A. § 1001, as set forth in more detail below.

A. School committee.

Upon the Effective Date the Harpswell School committee shall be constituted with five (5) members elected at the annual Town meeting as provided by Maine law and vested with all powers and authority granted to school boards under Maine law and local ordinances, including without limitation the authority to prepare the school budget for presentation to the town meeting. In the first election for school committee at the annual Town meeting immediately preceding the Effective Date, two members shall be elected for a three-year term, two for a two-year term, and one for a one-year term. Thereafter members shall be elected for three-year terms. The Harpswell School committee shall carry out the legal duties and responsibilities of a school committee according to Maine and federal law and shall manage any schools owned by the Town of Harpswell in the future. Two members of the School committee will be designated by it to sit on the District board of school directors as non voting members, as provided in more detail in paragraph 2 H below.

B. Superintendent

Because Harpswell will neither own nor operate any school and will employ no teachers, Harpswell hereby contracts with Maine School Administrative District No. 75 for the services of a superintendent commencing July 1, 2007, to assist Harpswell in the transition to a municipal school department and to provide services during and following the transition to a local school unit. Harpswell will continue after the Effective Date to contract with the District for the services of a superintendent as permitted by 20-A M.R.S.A. § 1001. Harpswell hereby agrees to pay annually to the District the sum of Twenty-five thousand dollars (\$25,000) for the services of the superintendent, to be increased annually commencing July 1, 2008, in an amount equal to the increase in the CPI-W for the Northeast Urban region.

C. Proposed budget for the first year of operation of the new unit

The proposed budget for the first year of operations of the Harpswell schools is attached as Exhibit 2.C.

D. Plan for compliance with the recordkeeping and reporting requirements specified in Chapter 125 for all resident students

The Town will operate no schools and will rely upon the District as the school unit receiving its students to adopt appropriate written policies for record keeping and reporting, complying with the Family Education Rights Privacy Act (FERPA). The policies will include a procedure for changing a student record by adding or removing items and for controlling access to records. By contracting with the District for the services of the superintendent as herein provided, Harpswell will maintain accurate, up to date educational records on each enrolled student as defined in and according to FERPA, including academic records, disciplinary records, and directory information. After the Effective Date Harpswell will assure that any other school administrative unit receiving Harpswell students on a tuition basis maintains written plans for student record keeping and reporting meeting the requirements of Chapter 125.

The superintendent will among other things maintain a roster of all resident and tuition students attending schools on a tuition basis and all students eligible to attend schools in the Town who are receiving equivalent instruction in an approved or non approved private school or in an approved program for equivalent instruction. The superintendent will also maintain a roster of all students who have been expelled by action of the school committee, who have dropped out, who have withdrawn, who have been approved for transfer into the school unit or into another unit, or who are truant.

E Provision of liability insurance coverage for the school administrative unit and other coverage as may be necessary

None will be required.

F The adoption of all policies and plans required by state and federal law and regulations.

The Town will operate no schools and will rely upon the District as the school unit receiving its students to adopt appropriate written policies. Harpswell shall maintain all written policies and plans required by state and federal law.

G Existing shared services agreements

No existing shared services agreements will be terminated or modified as a result of this agreement. The Town hereby contracts for superintendent services as described in paragraph 2.B.

H No joint supervisory committees pursuant to 20-A §1902.

The withdrawal will not require the formation of any joint supervisory committee. However, under this agreement with the District the Town will have two non voting representatives from the Harpswell School committee sitting on the District board of school directors, who shall be eligible to serve on District committees with voting privileges as committee members.

I Plan for transition of administration and governance

The schools operated by the District shall continue to be administered by the District board of school directors. The governance of the Harpswell municipal school unit shall be as provided in paragraphs 2, 2 A, and 2 H above.

3 Education of Students in the First Year after Withdrawal

A Attendance

Harpswell students may, at their option, attend District schools or any other approved school at which Harpswell has a tuition agreement or that is eligible to receive students on a tuition basis in compliance with state law, provided that not more than ten percent (10%) of the total student population of Harpswell may attend any school other than a school operated by the District with subsidy from the Town. As long as the District agrees to accept up to one hundred percent (100%) of Harpswell students, Harpswell will be required to pay the tuition agreed upon for ninety percent (90%) of all students based on average enrollments at October 1 and April 1 each year regardless of the number of students actually attending District operated schools.

B Cost of tuition.

Tuition rates for Harpswell students during school year 2007-2008 and thereafter shall be determined according to 20-A M.R.S.A. ch. 219 at the published rates established by the Commissioner of Education for the District plus an additional fifteen percent (15%).

C District Board Minutes

See the minutes attached as Exhibit 3.C for documentation of the agreement of the board of school directors of the District to these provisions.

4 Ongoing Education of Students:

See items 2 and 3 above.

A Five-year projection of resident students for the town in grades K-12.

Five Year Projection of Harpswell Students in Grades K-12						
Year	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011
K	40	36	38	37	37	37
1	39	45	39	41	40	40
2	28	37	41	36	38	37
3	37	31	36	40	35	37
4	49	42	31	36	40	35
5	30	48	39	29	34	37
6	36	30	48	39	29	34
7	50	36	30	48	39	29
8	45	50	36	30	48	39
9	44	45	50	36	30	48
10	51	44	45	50	36	30
11	47	51	44	45	50	36
12	58	47	51	44	45	50
TOTAL	554	542	528	511	501	489

B No School to be operated by the withdrawing town.

All schools currently serving Harpswell students will continue to be operated by the District and will receive Harpswell students on a tuition basis as herein provided. Harpswell will operate no schools.

1) Basic School Approval

The Town has received assurance from the District that the schools operated by the District currently meet these requirements and that the District intends to continue to operate them according to these standards.

2) Grades that will be offered in any school operated by withdrawing town.

None

3) Number of students attending school in the withdrawing town.

Students in grades K-5 will continue to attend the two elementary schools located in Harpswell on a tuition basis as provided in paragraphs 2 and 3 above.

4) Staffing plan

The Town will operate no schools and will employ no teaching or non teaching staff, other than the superintendent as noted in paragraph 2 (B) above.

5) Process by which staff assignments will be made.

The District will continue to be responsible for all staff assignments in the schools operated by the District.

6) Plan for providing instructional programs.

The District will continue to operate the schools serving Harpswell students. As noted in paragraphs 2 and 3 above, under this agreement Harpswell students will enjoy the same curriculum and instructional programs on a tuition basis as other students enrolled in the schools operated by the District.

7) School nutrition programs

The District will continue to operate the nutrition programs for the schools serving Harpswell students. As noted in paragraphs 2 and 3 above, under this agreement Harpswell students will enjoy the same programs and services, including nutrition programs, on a tuition basis as other students enrolled in the schools operated by the District.

C Tuition arrangements for grades not covered by a school operated by the withdrawing town.

See paragraphs 2 and 3 and the other provisions of this paragraph 4 above.

1) Schools tuition students will attend.

See above.

2) Minutes of meetings of the school board

See Exhibit C.2 attached.

3) Amount of any tuition to be paid for each student.

See item 3.B above.

D Commitment of the town to comply with the certain requirements:

Harpswell hereby commits to meet for Harpswell students, following the withdrawal of Harpswell from the District, all federal and state requirements concerning special education, career and technical education, and the educational reporting requirements

of the federal “No Child Left Behind Act,” by means of its tuition arrangement with the District.

1) Special education of students identified under special education (IDEA) or chapter 504 of the Rehabilitation Act;

Harpowell shall provide special education services to Harpswell students as required by federal and state statutes and the regulations promulgated thereunder governing such services by means of its tuition arrangement with the District. Harpswell students receiving educational services from the District or another school unit on a tuition basis shall have the right to receive special education services according to such laws under the administration of the unit. The superintendent of schools for Harpswell or the superintendent’s designee is authorized to commit appropriated funds on behalf of Harpswell in compliance with law for special education, and the superintendent or the superintendent’s designee shall attend all pupil evaluation team (“P.E.T.”) meetings for Harpswell students, whether attending schools in Harpswell or on a tuition basis elsewhere. Special Education as provided by the District will continue as before withdrawal.

2) Vocational education for high school students;

Harpowell shall provide career and technical education services (vocational education) to Harpswell students as required by federal and state statutes and the regulations promulgated thereunder governing such services through Vocational Region 10 by means of its tuition arrangement with the District. Harpswell students receiving educational services from the District or another school unit on a tuition basis shall have the right to receive career and technical education services (vocational education) according to such laws under the administration of the unit. From the Effective Date all costs, if any, associated with the provision of such vocational education to Harpswell students in schools operated by Harpswell shall be borne by Harpswell. For tuition students receiving such vocational education services, Harpswell shall pay the regular education tuition rate referred to above or if less the cost of any actual vocational education services provided to the individual student if provided by a career and technical education region or center.

3) Educational and reporting requirements of the No Child Left Behind Act.

Harpowell shall provide the educational and reporting requirements of the federal “No Child Left Behind Act” (“NCLB”) for Harpswell students as required by federal and state statutes and the regulations promulgated there under governing such services by means of its tuition arrangement with the District. The District and any other school unit receiving Harpswell students on a tuition basis shall provide the educational and reporting services required by NCLB according to such law under the administration of

the unit, and the cost of providing such services, including without limitation additional transportation costs, if any, associated with such services is included within the basic tuition charge for each Harpswell receiving educational services from the District or such unit.

E Impact of withdrawal on the District's compliance with Basic School Approval requirements in accordance with Me. Dept of Ed. Reg Ch 125.

Harpswell's withdrawal will not prevent the District from complying with the basic school approval requirements of Ch. 125.

F Adult education programs for residents of the town.

Harpswell residents shall have the right to participate in adult education programs administered by the District on the same basis and at the same cost as residents of the District or such school unit.

5 Other Subsidizable Costs Including Transportation Services:

In addition to the tuition payments called for under this agreement, Harpswell will pay to District the amounts required for other subsidizable costs, including transportation of students, as provided under 20-A M.R.S.A. § 15681-A based on percent of pupils. In exchange for such payments, among other things, the District will provide transportation services as follows:

A Contract with the District for transportation of students

The District will provide transportation for all Harpswell students attending District schools. Harpswell will pay for transportation only for students attending schools operated by the District.

B Withdrawing town will not operate a transportation system

Harpswell will not acquire any buses and will not operate a transportation system.

C Level of transportation services that will be provided:

1) Elementary and middle school students between designated bus stops and school;

Elementary students and middle school students attending the District operated schools will continue to be eligible for transportation to and from school from the same stops where they have been picked up and dropped off by the District. Generally these stops are at the home of the student or at collection points at the end of long side roads or driveways.

2) High school students

The District will provide transportation for all Harpswell students attending Mt. Ararat High School. Harpswell will pay for transportation only for students attending schools operated by the District.

3) Vocational education students between high school and vocational school

The District will provide transportation for all Harpswell students attending District schools who choose to participate in a state approved vocational program.

4) Special education students and students identified under Chapter 504 of the Rehabilitation Act between home and educational program

Special education students attending the District operated schools will continue to be eligible for transportation to and from school from the same stops where they have been picked up and dropped off by the District.

5) Other special categories of students.

Not applicable.

6 No Construction within five years of the date of withdrawal:

Withdrawal will not create the need for construction with state participation within five years of the Effective Date of withdrawal.

A. Obligations to Personnel:

The District will continue to meet all obligations to personnel. As noted elsewhere in this Agreement, Harpswell have no school employees and no obligations to personnel.

B. Financial commitments to the district superintendent that extend beyond the effective date of the withdrawal.

There are no financial commitments to the superintendent that extend beyond the Effective Date that Harpswell will assume, except that after the Effective Date Harpswell has contracted with the District for the services of the superintendent as provided in paragraph 2 B above.

C. Continuing contract rights of teachers will be maintained.

All teachers will continue to be employees of the District at and after the Effective Date. The Town will employ no teachers. The continuing contract status of teachers according to 20-A M.R.S.A. § 13201 shall be determined solely by the District.

D No collective bargaining agreements assigned

All teachers will continue to be employees of the District at and after the Effective Date. The Town will employ no teachers. Collective bargaining and representational rights of teachers and other employees of the District will remain the sole responsibility of the District.

E Labor grievances that are in process in the district.

At the date of this agreement there are no labor grievances pending in the District. If any labor grievance arises between the date of this agreement and the Effective Date, the grievance will be unaffected and will remain the sole responsibility of the District.

7 Distribution of Outstanding Financial Commitments:

A Bonds;

Harpwell shall assume and pay 17.86% of the principle and interest obligations on debt service for outstanding bond obligations supported by state subsidy and 37.096% of the outstanding bond obligations not supported by state subsidy as of July 1, 2005, reduced by payments between July 1, 2005, and the Effective Date, and increased by payments for bond obligations issued after July 1, 2005, if and only if such obligations have received the affirmative approval of the voters of the Town of Harpswell.

B Notes;

Harpwell shall assume and pay 17.86% of the principle and interest obligations on debt service for outstanding note obligations supported by state subsidy and 37.096% of the outstanding bond obligations not supported by state subsidy as of July 1, 2005, reduced by payments between July 1, 2005, and the Effective Date, and increased by payments for notes issued after July 1, 2005, if and only if such notes have received the affirmative approval of the voters of the Town of Harpswell.

C Debt Service;

Harpwell shall assume and pay 17.86% of the principle and interest obligations on debt service for outstanding obligations supported by state subsidy and 37.096% of the outstanding obligations not supported by state subsidy as of July 1, 2005, reduced by

payments between July 1, 2005, and the Effective Date, and increased by payments for obligations entered into after July 1, 2005, if and only if such obligations have received the affirmative approval of the voters of the Town of Harpswell.

D Leases or lease purchase agreements;

Harpswell shall assume and pay 17.86% of the payments on outstanding lease obligations supported by state subsidy and 37.096% of the payments on outstanding leases not supported by state subsidy as of July 1, 2005, reduced by payments between July 1, 2005, and the Effective Date, and increased by payments for leases entered after July 1, 2005, if and only if such leases have received the affirmative approval of the voters of the Town of Harpswell.

E Any matters in litigation;

At the date of this agreement there is no litigation pending against the District. If any claim arises between the date of this agreement and the Effective Date, the claim will be unaffected and financial responsibility, if any, for the claim shall remain with the District.

F Any other contractual obligations.

Harpswell shall assume no other contractual obligations.

8. Division of Property:

As long as the District agrees to accept up to 100% of Harpswell students on a tuition basis as provided herein, there shall be no division of property. As of the first day of the first school year in which the District no longer agrees to accept up to 100% of Harpswell students, the property of the District shall be divided between Harpswell and the District based on the negotiated agreement of the parties at that time as if the withdrawal of Harpswell from the District took effect on that date, provided that among other things under the negotiated agreement the District shall convey to the Town the land, buildings, equipment and supplies of the West Harpswell School and the Harpswell Island School at their depreciated book value at that date.

A Buildings

See above.

B Land, including the enforcement of any existing deed restrictions

See above.

C Buses

See above.

D Other Vehicles

See above.

E Equipment

See above.

F Supplies

See above.

G Fuel

See above.

9 Division of Monetary Assets:

As long as the District agrees to accept up to 100% of Harpswell students on a tuition basis as provided herein, there shall be no division of monetary assets. As of the first day of the first school year in which the District no longer agrees to accept up to 100% of Harpswell students, the monetary assets of the District (including without limitation the categories of monetary assets set forth in paragraphs A to G below) shall be divided between Harpswell and the District based on the negotiated agreement of the parties at that time as if the withdrawal of Harpswell from the District took effect on that date.

A Year-end balances

See above.

B Trusts, gifts, endowments or scholarships

See above.

C Accounts receivable

See above.

D Prepaid expenses

See above.

E Investments

See above.

F Uncollected insurance proceeds

See above.

G Locally established retirement programs

See above.

10. General Provisions

A. The District covenants and agrees with the Town that the District will operate the schools and conduct its business in the ordinary course until the Effective Date and will not without the consent of Harpswell enter into, modify, or cancel any long term contracts, long term lease, collective bargaining contract, debt, bond, note or obligation with a term, due date, or maturity extending one year or more beyond the Effective Date.

B. This agreement is made in Maine and shall be governed, interpreted and enforced according to the laws of the State of Maine

C. In addition to the express obligations of the parties expressed in this agreement, they further agree to execute, acknowledge, file and deliver all instruments or documents necessary or helpful to the completion of the transactions called for in this Agreement without delay upon the request of the other party, provided a party shall not be obligated by this paragraph to incur any expense beyond what the party has agreed to under the express terms of this Agreement.

D. The parties shall execute this Agreement in several counterparts, each of which shall be deemed an original agreement and may be offered as proof of the existence and terms of the Agreement without the necessity of producing or accounting for any other counterpart.

E. 1. The parties will attempt in good faith to resolve by negotiation any dispute regarding the interpretation or performance of this agreement and any legal controversy or claim arising out of or relating to this Agreement (a "Dispute"). To invoke this procedure, the disputing party will give to the other written notice of the Dispute, citing this Section. Within ten (10) business days after delivery of the notice, the party receiving the notice will submit to the other a written response. Each notice

and response will include a statement of the party's position and a summary of the evidence and arguments supporting the party's position; the failure by any party to mention particular evidence or argument in any notice or response will not, however, preclude the party from presenting additional evidence or arguments during the course of negotiations or any subsequent arbitration. The parties to the Dispute will thereafter meet promptly at a mutually acceptable place in Harpswell, Maine, to attempt to resolve the Dispute and they agree further, at the request of either party, to call upon a qualified impartial mediator mutually agreed upon or, failing such agreement, appointed by the state official who administers appointment of mediators through the State Board of Arbitration and Conciliation panel of mediators to assist the parties in the effort to resolve the dispute..

2. If for any reason the Dispute is not resolved within thirty (30) days after delivery of the original notice of the Dispute, either party may serve on the other a written demand for arbitration of the Dispute. Thereafter, the Dispute will be settled by arbitration before a single arbitrator in accordance with the Expedited Procedures under the Commercial Arbitration Rules of the American Arbitration Association, or such other rules and procedures to which the parties to the Dispute may agree in writing. The arbitrator may exclude evidence that has not been furnished to the opposing party a reasonable time before the arbitration hearing. Any such arbitration will occur in Harpswell, Maine, or such other location as may be mutually acceptable to the parties. Except as the parties may otherwise agree in writing, the arbitrator will be licensed to practice law in Maine and experienced in corporate and contract law, and the arbitrator will be required to decide each claim in accordance with applicable law and to set forth in writing the award and a summary of those facts considered by the arbitrator to be material to the decision. This agreement to arbitrate will be enforceable under the Uniform Arbitration Act. In addition to other damages or remedies the arbitrator may award, the arbitrator shall award the reasonable expenses (including attorneys' fees) incurred to the prevailing party. In any judicial action to compel arbitration under this Section or to enforce an arbitral award, the prevailing party will be entitled to an award of the reasonable expenses (including attorneys' fees) incurred in bringing the action.

3. A party may seek a preliminary injunction or other preliminary judicial relief if in its judgment such action is necessary to avoid irreparable damage. Despite any such action, the parties will continue to participate in good faith in the procedures set forth in this Section. All applicable statutes of limitation will be tolled during the pendency of any arbitration hereunder, and the parties agree to take such action, if any, required to effectuate such tolling.

This Agreement is dated as of _____, 2006.

[Signatures]

Proposed Harpswell Budget

Exhibit 2.C.

Note: This budget based on FY 2006 data. Budget will be adjusted to reflect actual SAD 75 tuition charges and other SAD 75 Subsidizable Cost changes and State adjustment to Special Education contribution.

		Notes
Tuition		
K-8	\$2,397,773	(1)
9-12	\$1,472,413	(2)
Other Subsidizable Costs	\$1,139,236	(3)
Debt Service (State debt)	\$424,177	(3)
Debt Service (Local debt)	\$167,863	(4)
Leases	\$40,062	(4)
Superintendent fee	\$25,000	(5)
Local Board Costs	\$15,000	(6)
Other Local Contribution	\$580,528	(7)
State Special Education Cont.	<u>(\$638,184)</u>	(8)
	\$5,623,867	

Notes

- (1) FY 2006 pupils multiplied by \$6,463 tuition.
- (2) FY 2006 pupils multiplied by \$6,929 tuition.
- (3) Per Education Department allocation based on percent of pupils.
Other Subsidizable Costs include Gifted & Talented,
Special Education (EPS), Vocational Education, Transportation
(EPS).
- (4) Allocated by local cost-sharing formula.
- (5) Set amount to compensate for local services. To increase as
in line with CPI-W.
- (6) Estimated cost of local board.
- (7) 15% per pupil adder to average Harpswell tuition rate.
- (8) 84% of FY 2006 Special Education allocation to
Harpswell. To increase to statewide percentage.